



Gaithersburg

A CHARACTER COUNTS! CITY

City of Gaithersburg, Maryland
ADOPTED BUDGET
FOR FISCAL YEAR 2004

A FINANCIAL PLAN AND
PROGRAM OF MUNICIPAL SERVICE

July 1, 2003 to June 30, 2004





July 1, 2003

The Honorable Mayor and City Council
Citizens of Gaithersburg

I am pleased to submit the adopted City Budget for Fiscal Year 2004. This budget reflects our continual effort to refine and prioritize our activities as directed by the Strategic Plan. The Mayor and City Council revisit the plan annually and allocate the resources necessary to implement the majority of our Strategic Directions. In this way, we are able to deliver the highest possible value from our revenues and expenditures. Considerable effort has once again been made to prioritize the budget in line with this guidance. As always, there are aspects of the current adopted plan that could not be funded, or have not been funded to the level we would have wished. This reflects our long-standing fiscal policies, the state of the regional economy, and the need to fund our capital plan over time.

We propose to maintain the real property tax rate at \$.212 per \$100 of assessed value. Additionally, the ad valorem tax on tangible personal property would remain at the rate of \$.53 per \$100 of assessed value. This budget continues our policy of maintaining a constant tax rate and our “pay as you go” philosophy relative to our City’s finances. For the 39th consecutive year, the City’s budget can be funded without a tax rate increase.

We feel that this budget allows us to keep an acceptable level of reserves and maintain a consistent tax rate, while still providing a high level of core services and adding major Capital Improvement Projects over time. As discussed in recent budget letters, revenue shortfalls at the State level is affecting the City’s finances more directly than ever before. Staff continuously monitors forecasts and projections to obtain the best available economic data relating to our revenues and expenditures, and uses the information to guide the budget process. We also carefully evaluate all current and potential revenue sources to determine if they offer appropriate relief from the need to increase our tax rate.

The Operating Budget continues to expand at what we have determined to be a sustainable pace and the Capital Budget experienced a third consecutive decrease as we refine our plan for new facilities. The total City budget rose by 2.8 percent.

In brief, the City Operating Budget grew by \$1,459,320 and will be \$27,866,126, a 5.2 percent increase over the previous year. This increase reflects the normal growth of expenses associated with City personnel and the provision of City services, as well as several new initiatives prioritized by the Mayor and Council. The City’s Capital Budget would decrease by \$607,173 to \$3,837,738, a 13.7 percent reduction. Reappropriation of excess revenue and unexpended operating funds and use of Escrowed Funds, which assists in the funding of the FY 2004 Budget, is \$2,985,559.

This would be \$588,613 less in reappropriation compared to the FY 2003 Budget. Approximately \$187,000 of escrowed monies from developers, which is included in the reappropriation amount, is being used to fund various Capital Improvement Projects, as compared to \$836,550 in FY 2003.

REVENUES

We are projecting a 5.0 percent increase in total City revenues for FY 2004. This reverses last year's trend, which saw an 8.3 percent decrease resulting mainly from the reduction in State funding for capital projects. Most major revenue sources are expected to be lower or flat relative to the previous year, but real property tax revenue will post a significant increase; resulting in the net gain. This is attributable to strong growth in the real property assessable base. We expect the real property base to continue to grow for the next several years, but this growth will be offset by reductions in other revenue areas.

Both the State of Maryland and Montgomery County are in the midst of substantial financial difficulties which will certainly result in impacts to municipalities. We have already experienced major reductions to both Highway User Fee and Program Open Space allocations. Uncertainty stemming from these conditions stresses the need for the City to maintain the fiscal conservatism that has served us well in the past.

Our Grants Administration function continues to identify and secure additional funding for City projects. During FY 2002, grants from the State of Maryland included funding from the Governor's Office of Crime Control for the City's new K-9 program, from the Department of Natural Resources for playground equipment at Morris Park and Lakelands Park, from the Department of Housing and Community Development's Community Legacy Program for decorative light fixtures in the Historic District, and from the Maryland Transit Administration for new sidewalks to the Metropolitan Grove MARC station and bicycle lockers in Olde Towne. A new City program at the Skate Park was funded through a grant from the Maryland Drug and Alcohol Grants Fund.

Continuing funding was received from Montgomery County for two programs at the Ed Bohrer Parent Resource Center, and from the federal government for Wells/Robertson House and the Community Development Block Grant program.

New federal grants received in FY 2003 included a Chesapeake Bay Challenge Grant through the Environmental Protection Agency for watershed restoration, and a grant from the Federal Highway Administration under the Transportation Equity Act for trail improvements to Malcolm King Park.

Pursuant to Council guidance, we are also investigating the sale of City properties that may be determined to be surplus, or not central to the City's core mission or programs. Any asset considered for sale would follow the processes outlined in the appropriate regulating ordinances.

OPERATING BUDGET

The City's Operating Budget is proposed to increase by 5.2 percent over FY 2003. This increase funds new initiatives (outlined below), provides adequate funds to compensate employees fairly, and provides for contingencies for unexpected expenditures.

By far, the largest expense category is personnel and numerous requests for new staff were submitted by the various City departments. Only those personnel requests relating to the highest-priority activities (mainly public safety) were eventually approved. It should be noted that four positions were added mid-year in FY 2003. One new position (receptionist – Office of the City Manager) provides services previously provided by two part-time employees. Two police officers are to be hired under employment agreements, and a bus driver position relating to the Senior Center was upgraded from part time to employment agreement.

Proposed Personnel

Consistent with past years, approximately 67 percent of the FY 2004 Operating Budget is dedicated to personnel services. Four additional positions have been added, all of which will provide direct services to our residents in support of important strategic directions. Particular emphasis is placed upon enhancing the City's public safety efforts through expansion of the police budget as reflected by the mid-year FY 2003 positions and three new Police positions proposed below for FY 2004.

All four of the new positions are full time. These include an equipment operator in the parks maintenance division who will assist in maintaining Lakelands Park, and three certified police officers. The police positions reflect our strategy to deploy a special "tactical" unit in high-priority areas of the City.

Several staff members' position would also be slightly expanded to address the additional administrative responsibilities of both the Community Development Block Grant (CDBG) and National Pollutant Discharge Elimination System (NPDES) program. An analysis of current part-time staff availability concluded that these program needs could be met utilizing existing employees. The additional personnel expense specifically relating to CDBG administration is eligible for federal funding.

In order to better account for the cost of doing business in the Department of Parks, Recreation and Culture, two positions were transferred from the Administration to the Activity Center business unit.

Three positions, two relating to the Arts barn facility and one in the Police Department, were eliminated from the budget for the coming year. These include a full-time Arts Barn Specialist, and an employment agreement Program Director. An analysis undertaken after the Arts Barn's first year of operation concluded that these positions were not currently required. The third is the Police Victim Advocate position.

Other Initiatives

The **Public Works, Parks Maintenance and Engineering Department** budgets have increased to address the growing inventory of streets that require service during snow events, as well as landscaped areas requiring mowing in the warmer months.

As discussed previously, five new positions have been proposed within the **Police Department** (two in FY 2003). The expenses relating to vehicles, equipment and uniforms for these officers are reflected in this budget. Additionally, the department will complete implementation of the Mobile Data Terminal (MDT) program.

Subsequent to the approval of the **Cable Television** Franchise renewal, the City cable channel will be broadcast countywide on a limited basis. This initiative will be funded through a grant from Comcast to the City which will then be used to lease the needed airtime.

The budget for contributions within the **Economic Development** activity has increased substantially due to the increase in CDBG funding. This will allow us to support additional non-profit organizations addressing a wide variety of needs.

The **Planning & Code Administration** will achieve an important milestone with the completion of the Master Plan update early in FY 2004. Significant staff time will also be allocated to plan review and inspections as the Hidden Creek Land Bay III development begins.

The **Parks, Recreation and Culture** budget reflects operational and organizational changes made in response to rising program costs and the desire to increase revenue offsets. Activities undergoing revisions include Holiday Sports and Lifetime Recreation Clinics, Summer Programs, the Gaithersburg Arts Barn and Special Events.

The **Office of Human Services**, in collaboration with the Community Advisory Board, is proposing to refine its programs and services to better address current needs. Staff will be making to broader effort to address housing issues. The contributions budget for non-profits has increased and is offset by reductions in other activities.

CAPITAL IMPROVEMENT PROJECTS

This year's budget proposes continued funding for a number of important Capital Improvement Projects and increased funding for initiatives that must be addressed due to current circumstances. Extension of the capital plan through FY 2008 is presented for each activity in the budget.

An important aspect of the year's capital plan is the re-allocation of \$2,000,000 from the West Diamond Avenue Sector activity into several other activities. The West Diamond Sector projects are complete and the account will likely be closed in an upcoming year. This re-allocation dramatically reduces the City's cash contribution to the CIP.

Street Resurfacing – Advancing age, combined with heavy snowfall in early 2003, resulted in significant damage to City streets that will need to be addressed in the short term. This necessitated a substantial increase in funding for this CIP, which is proposed to increase by \$500,000 to a total of \$1,000,000. Additionally, maintenance of City infrastructure is a major aspect of GASB 34, which will be fully enacted this year.

Gaithersburg Youth Center – A portion of the newly-increased CDBG funding was able to be allocated to this project. We believe it is ready to move forward and that it is important that we do so. Failure to construct the project in a timely manner may jeopardize \$250,000 in funding from the State of Maryland that was provided in FY 2002. Additionally, the facility may be needed as a summer camp site in the near future. In FY 2004, completion of the design of the facility is scheduled to occur, with construction to commence soon thereafter.

Lakelands Park – This important recreation project, located on Main Street in Lakelands, went out to formal bid in April of 2003 and the project is expected to be awarded this summer. The project includes site work and construction of lighted ball fields, irrigation system, outbuildings, and playgrounds.

Lakelands Recreation Center – The FY 2004 CIP allocates approximately \$1,300,000 for this project, to be located at Route 28 and Edison Park Drive. This contribution brings the fund balance relating to this project to just over \$2,700,000. Our current plan is to set aside at least \$1,000,000 per year, depending upon the City's fiscal position, until the entire \$10,000,000+ project budget is accumulated. All Maryland Program Open Space allocations received by the City in the next few years are also expected to be allocated to this project.

Technology Projects – As described previously, the Police MDT Program is a major investment of City funds. More than \$260,000 is proposed within this CIP for MDT's, software upgrades, and several, smaller projects intended to improve City operations and extend access to the public.

CDBG Projects – As a result of the City's new status as a CDBG "direct entitlement" community, additional federal funds will be available in FY 2004 for eligible capital projects. In FY 2004, \$356,850 in funding is available and is proposed to be directed to the Gaithersburg Youth Center (described above) and for renovations to the GUIDE Youth Services facility, which is owned by the City.

Stormwater Management – FY 2004 funding proposals include the Brighton Weir project, repair of the Lake Helene Dam embankment and construction of a water quality structure at the Public Works facility. \$40,000 in funding is proposed in this CIP for projects relating to the NPDES program.

Traffic Calming and Signalization – \$133,000 in new funding is allocated to this activity in FY 2004. Primary uses of this budget include traffic calming measures on Girard Street and upgrades to the signals at the intersection of Summit and Diamond Avenues.

Landscape Improvement – This proposed budget includes \$100,000 for landscaping initiatives including the continuation of the Muddy Branch Road project.

Other Projects of Interest – Some other projects of interest in the FY 2004 Capital Improvement Budget include \$200,000 for Street Lighting, \$100,000 for Historic District improvements, \$140,000 for improvements to City facilities, \$250,000 for improvements to Bohrer Park at Summit Hall Farm.

CONCLUSION

The City's fiscal health is tied to revenues at the local, state and federal level, as well as sources such as interest income and permit fees that are susceptible to fluctuation due to changing economic conditions. The latest information we have gathered indicates that FY 2005 may possibly be more challenging than FY 2004.

While the regional economy remains relatively healthy and property values continue to rise, the costs of providing a high level of programs and services to the citizens of Gaithersburg are also increasing. Activities such as public safety, maintenance of infrastructure, and programs that contribute to our quality of life received the highest priority in the development of this budget. We must continue to carefully manage the creation of new programs not associated with our Strategic Directions and actively seek new revenue sources. City staff, the Mayor and City Council, and involved citizens and businesses will all contribute to meeting this challenge.

Finally, I would like to express my appreciation to those citizens who participated in the Budget Forum, all of the staff who assisted in the preparation of this budget, to the Mayor and City Council, and the community as we continue to make Gaithersburg a great place to live, work, learn, and play. We all work together to prepare for the future, while addressing current needs and maintaining the City's strong financial position.

Sincerely,

David B. Humpton
City Manager



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Gaithersburg
Maryland**

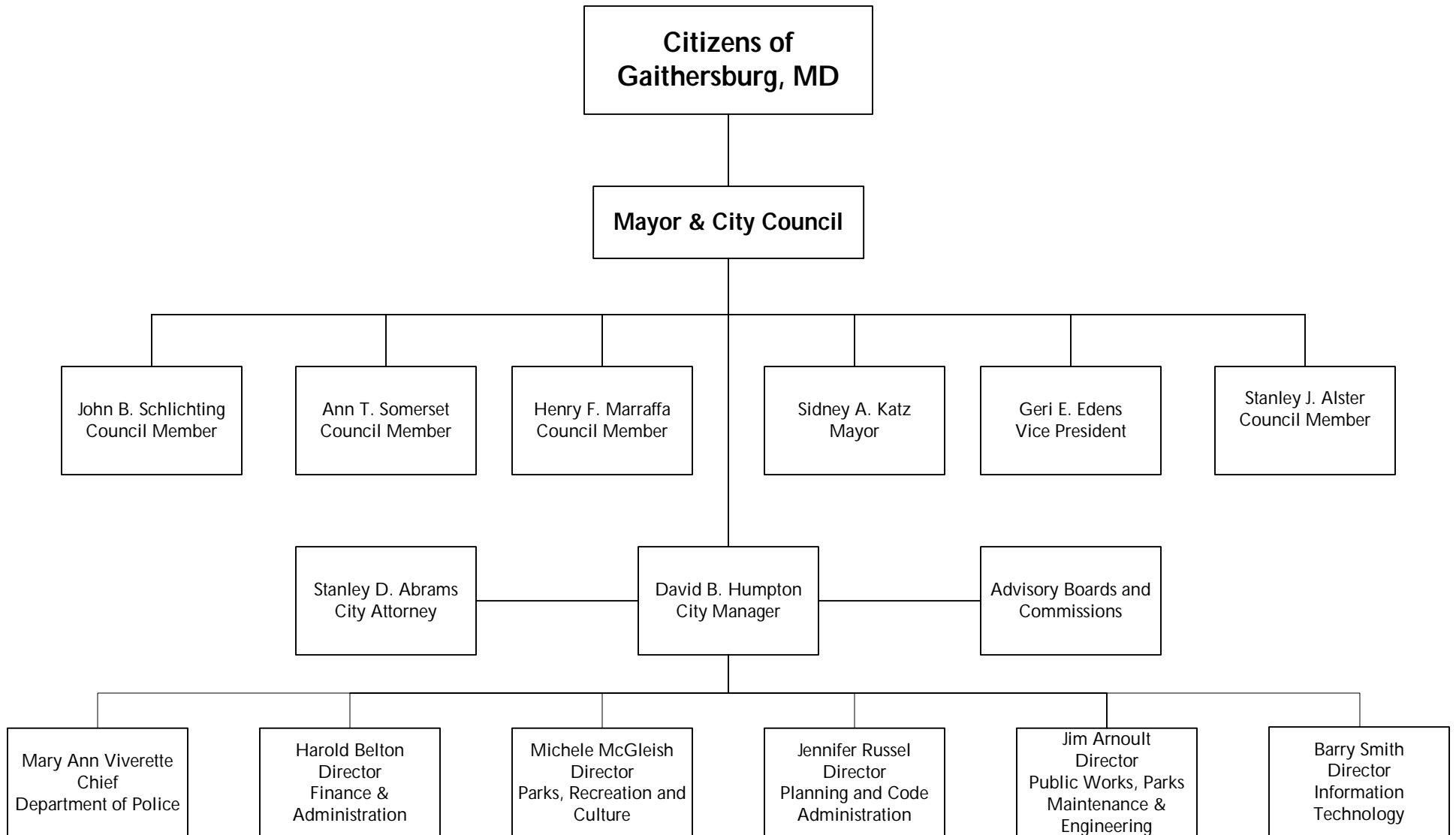
For the Fiscal Year Beginning

July 1, 2002

President

Executive Director

CITY OF GAITHERSBURG, MARYLAND



Mission

The Gaithersburg City government exists to provide quality, cost effective, priority community services for its citizens. We are a CHARACTER COUNTS! City that serves as a catalyst for the involvement of residents, businesses, and organizations to ensure that Gaithersburg is a great place to live, work, learn, and play.

Vision

Gaithersburg will set the standard for other cities as a “special” place where people want to live, work, learn, and play. Gaithersburg will be a City that:

- Lives by the Six Pillars of CHARACTER COUNTS! (trustworthiness, respect, responsibility, fairness, caring and citizenship).
- Has retained the best qualities of a small town and respects its heritage while embracing the opportunities that new technologies provide.
- Has involved and supportive citizens and businesses reflecting the diversity of the community.
- Has a fiscally conservative, proactive government.
- Has safe, highly livable neighborhoods with a variety of housing types and styles served by diverse transportation options.
- Has a desirable business environment and diverse employment options.
- Has excellent learning opportunities that meet the needs of the community.
- Has attractive and beautifully - maintained parks and public places.
- Has many leisure time activities that meet the needs of the community.
- Has a high quality, family-friendly environment for people of all ages and cultures.
- Has citizens with a strong sense of community and individual responsibility.
- Has a natural environment that is protected, respected, and enhanced.
- Has strong partnerships to meet the needs of the community.
- Has a community that encourages individual health and wellness.

The City of Gaithersburg's Strategic Directions establish an overall approach to achieving the City's vision.

- Ensure that all planning and development considers and responds to the City's environmental, transportation, economic, social, and civic needs.
- Implement traffic and transportation management strategies to improve the safety, structure and function of streets, transit, bikeways and sidewalks within the City.
- Actively pursue Olde Towne Blueprint.
- Maintain and enhance priority City services.
- Pursue programs that preserve and improve current and future housing stock and mix (e.g., aging apartments).
- Maintain support of neighborhood Community Policing programs.
- Implement programs to enhance delivery of services that address the needs of the City's culturally diverse populations.
- Implement the Master Plan for parks, recreation, cultural and leisure time activities.
- Implement recommendations from ongoing evaluations of natural resources and encourage protection and enhancement of the environment (streams, parks, stormwater management, and other CIP projects).
- Actively pursue economic development programs and strategies.
- Continue communication activities and implement programs that promote citizen involvement.

We are guided by the **Six Pillars of CHARACTER COUNTS!** as demonstrated by:

CUSTOMER FOCUS

We actively pursue the identification of citizen needs through citizen involvement to provide effective service to our community with efficiency, accountability, and a **CARING** attitude.

OPEN COMMUNICATION

We promote honest, open communication and easy access to information.

CREATIVITY

We strive to improve the quality and efficiency of City services through creative approaches and new, innovative, and cost effective technologies.

FISCAL RESPONSIBILITY

We provide quality services, of the best value, to effectively meet the needs of our community while maintaining a pay-as-you-go philosophy.

COOPERATION

We promote a spirit of **FAIRNESS, TRUSTWORTHINESS, RESPECT** and teamwork among our elected officials, City employees, residential and business communities, neighboring jurisdictions, and other governmental agencies.

COMMITMENT OF EXCELLENCE

We strive to achieve excellence in all we do.

CONTINUOUS IMPROVEMENT

We advocate good **CITIZENSHIP** and support the freedom to actively pursue suggestions, ideas, and creative approaches, leading to continuous improvement in everything we do.